

Message Text

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ACTION XMB-04

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FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC PRIORITY 4162

C O N F I D E N T I A L BANGKOK 15359

DEPARTMENT PASS EXIM AND OPIC

E.O. 11652: GDS
TAGS: EFEN, TH
SUBJECT: SIAM KRAFT PAPER COMPANY

REF: STATE 161972

1. EMBASSY FULLY APPRECIATES EXIM-OPIC POSITION EXPRESSED IN REFTEL. AMBASSADOR MET WITH SAIM KRAFT REPRESENTATIVES ON AFTERNOON JULY 13. ATTENDING MEETING WERE AMARATE, TARRIN AND PRIDI FROM COMPANY SIDE, THE DCM AND GORMLEY FROM EMBASSY AND HARVEY LEVE. CONCLUSION REACHED WAS THAT A PARALLEL STRATEGY SHOULD BE ATTEMPTED: (1) APPEAL TO THE CRIMINAL COURT FOR DEFERRAL OF PAYMENT OF FINE IN INSTALLMENTS OVER A TEN-YEAR PERIOD. (2) SEEK TO ANNUL OR REDUCE THE FINE BY EXECUTIVE ACTION OR SPECIAL LEGISLATION.

2. ONLY RECOURSE ON LEGAL FRONT FOR THE COMPANY IS TO SEEK THE DEFFERRAL OF THE PAYMENT FROM THE COURT. COMPANY WILL USE HIGH-LEVEL INTERVENTION TO ENSURE THAT COURT IS FULLY AWARE OF ALL THE POSSIBLE CONSEQUENCES AND IMPLICATIONS OF THIS CASE. JUDGE SANYA, PRESIDENT OF THE KING'S PRIVY COUNCIL AND FORMER PRIME MINISTER WILL SEE THE CHIEF JUDGE OF THE CRIMINAL COURT TO PRESENT SIAM KRAFT'S
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CASE.

3. AMBASSADOR INTENDS NEXT WEEK TO SEE THE PRIMEMINISTER, THE FOREIGN MINISTER AND GOVERNOR OF THE CENTRAL BANK ON BEHALF OF EXIM-OPIC TO DISCUSS THE PROBLEMS AND ITS SERIOUS IMPLICATIONS FOR THE THAI ECONOMY AND FUTURE EXIM-OPIC ACTIVITY IN THAILAND. HE WILL EXPLORE WITH THEM THE

POSSIBILITY OF AN ANNULMENT OR REDUCTION OF THE FINE.
POINTS MADE IN SAUER'S MESSAGE TO TARRIN WILL BE PRESENTED
TO GOVERNMENT.

4. AFTER THE REPRESENTATIVES OF THE COMPANY BOARD LEFT
THE MEETING DISCUSSION CONTINUED BETWEEN THE EMBASSY
REPRESENTATIVES AND MR. LEVE. LEVE BELIEVES COMPANY IS
FOLLOWING THE ONLY COURSE POSSIBLE TO AVOID BANKRUPTCY.
IF EXIM-OPIC WISHES TO CONTACT LEVE, HIS HOME TELEPHONE
IS 233-3728.

5. RE QUESTION RAISED AS TO PRIORITY OF FINE: SIAM
CEMENT ATTORNEYS BELIEVE COURT JUDGMENT PRIOR TO CREDITORS'
LEIN ON PROPERTY. SIAM COMMERCIAL BANK'S LAWERS DO NOT
AGREE, SO ISSUE IS IN DOUBT.

6. WILL CONTINUE TO ADVISE.
WHITEHOUSE

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Message Attributes

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